

Letter of Appointment

[*] (Insert Name of Director)

[*] (Insert Address)

[*] (Insert Date)

Dear [*],

Sub: Appointment as an Independent Director under Section 149 of the Companies Act, 2013

As required under Section 149 of the Companies Act, 2013 we are pleased to confirm that the Board of Directors of Emami Paper Mills Limited (the Company) has approved your appointment as an independent director. This letter sets out the terms of your appointment as under:

I. Appointment

In accordance with the provisions of the Companies Act, 2013 and other applicable laws, you will serve as an Independent Director of the Board for a term of five consecutive years commencing from 1st April, 2014 subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company scheduled to be held on 11th August, 2014.

II. Board Committees

As advised by the Board, during the tenure of office, you may be required to serve on one or more of the Committees of the Board established/ to be established by the Company.

Currently, the Board has Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee, and Preference share Committee. All these committees are represented by the independent directors. The Board is responsible for constituting, assigning, co-opting and fixing terms of service for committee members. The Chairperson of the Board, in consultation with the company secretary and the committee members, determines the frequency and duration of the committee meetings. Recommendations of the committees are submitted to the full Board for approval. The quorum for meetings is either two members of the committee or one-third of the members of the committee, whichever is higher.

You have been nominated to serve on the following committees:

A. **Audit Committee:** The functions of the Audit committee will be governed by the provisions of Section 177 of Companies Act, 2013 read with clause 49 and other applicable provisions of the Listing Agreement which will include the establishment of effective Vigil mechanism and Risk Management.

Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia, include,-

- i. Oversight of the company's financial reporting process and the disclosure of its financial information and examination of financial statements and auditors report thereon.
- ii. Recommendation for the appointment and removal of auditors, fixing their terms of appointment and remuneration for audit and any other services, if any.
- iii. Review with management the annual financial statements before submission to the board
- iv. Prior approval or any subsequent modification of transactions of the company with related parties.
- v. Reviewing and monitor with the management, external and internal auditors, their independence and performance and the effectiveness of audit process.
- vi. Review the adequacy of internal audit function, structure of the internal audit department, staff and head of the department, reporting structure coverage and frequency of internal audit.
- vii. Discussion with internal auditors any significant findings and report the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature to the board.
- viii. Pre-audit discussion with external auditors about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- ix. Review and evaluate the company's internal financial controls and risk management system.
- x. Scrutiny of inter corporate loans and investments
- xi. Valuation of undertakings or assets of the company, wherever it is necessary
- xii. Monitor the end use of funds raised through public offers and related matters.
- xiii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

B. **Nomination & Remuneration Committee:** The purpose of this committee is to recommend to the Board the compensation and terms of service agreements for the members of the Board, the members of the committees, the Independent Director, the CEO and the executive officers of the Company.

This Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors key managerial personnel (KMP) and other employees.

This committee shall, while formulating the policy under sub-section (3) ensure that-

- i. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

Provided that such policy shall be disclosed in the Board's report.

C. **Stakeholders Relationship Committee:** This committee shall consider and resolve the grievances of security holders and all other stakeholders of the Company.

D. **Corporate Social Responsibility (CSR) Committee:** This committee shall,-

- i. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- ii. recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- iii. monitor the Corporate Social Responsibility Policy of the company from time to time.

E. **Preference share Committee:** This committee deal with the matters relating to preference shares i.e. to decide and finalize the terms and conditions for issuance of preference shares, including the rate of dividend, amount of premium, if any, on issue and redemption, manner of redemption and matters incidental thereto, to settle any question, difficulty or doubt that may arise in regard to the offer, issue allotment and utilization of the proceeds of issue and to vary, modify or alter any of the terms and conditions.

III. Training of Independent Directors

The Company shall provide need based training to independent directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. The details of such training imparted shall be disclosed in the Annual Report.

IV. Professional Conduct

As an independent director, guidelines of professional conduct as mentioned in Schedule IV attached to Section 149 of the Companies Act, 2013 or any other provision of the law will be applicable. Copy of Code of Conduct (Schedule IV) and relevant provisions of Section 149 of the Companies Act, 2013 are enclosed herewith for ready reference.

V. Duties

The independent directors shall have functions, responsibilities and duties as per the provisions of Schedule IV read with section 149 of the Companies Act, 2013 to the extent applicable to each director.

Separate meetings

- (1) The independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management;
- (2) All the independent directors of the company shall strive to be present at such meeting;
- (3) The meeting shall:
 - (a) inter alia review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

VI. Fees

The directors shall be paid remuneration in the form of directors sitting fees for attending Board Meetings as fixed by the Board from time to time as per the provisions of Companies Act, 2013 and reimbursement of all expenditure in relation to their travelling and out of expenses.

VII. Directors & Officers Insurance

The Company maintains a Directors and Officers insurance policy (D & O policy) amounting to Rs.3,50,00,000 to pay for the personal liability of directors and officers for claims made against them while serving on the Board and/or as an officer of the Company. The Company also maintains a Group Personal Accident Policy for its Non-Executive independent Directors for a sum of Rs. 20 lacs each which shall include travelling by any mode for the purpose of performance of their duties.

VIII. Memberships of other boards

It is expected that you will not serve on the boards of competing companies without the intimation to the Board. Apart from the applicable law and good corporate governance practices, there are no other additional limitations.

IX. Availability of information to the Board and its Committee

The Board has full and unfettered access to any information of the Company, and to any employee of the Company. At Board meetings, the Board invites managers of the Company when additional details into the items being discussed are required.

X. Mechanism for evaluating Board members

(1) The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

(2) On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

XI. Resignation or Removal

The resignation or removal of an independent director shall be in the same manner as is provided in section 168 and 169 of the Companies Act, 2013. Copy of relevant provisions of Section 168 and 169 of the Act is enclosed herewith for ready reference.

XII. Dealing in shares and Code of conduct

Directors are prohibited from dealing in Company's shares during the period when the trading window is closed. You are required to comply with the applicable insider trading laws and regulations. You are also required to comply with the Company's Code of Conduct and Ethics, as already circulated and affirmed by all the Directors and Senior Managerial Personnel (SMP).

XIII. Confidentiality

All information acquired during your appointment is confidential to the Company and should not be disclosed either during your appointment or following termination (by whatever means) to third parties except as permitted by law and with prior clearance from the Chairman.

We are confident that your association, expertise and advise will immensely benefit the Company and the Board.

Best regards,

Yours sincerely,

Chairman of the Board